



Performance Audit of New Construction Assessments

King County Auditor's Office

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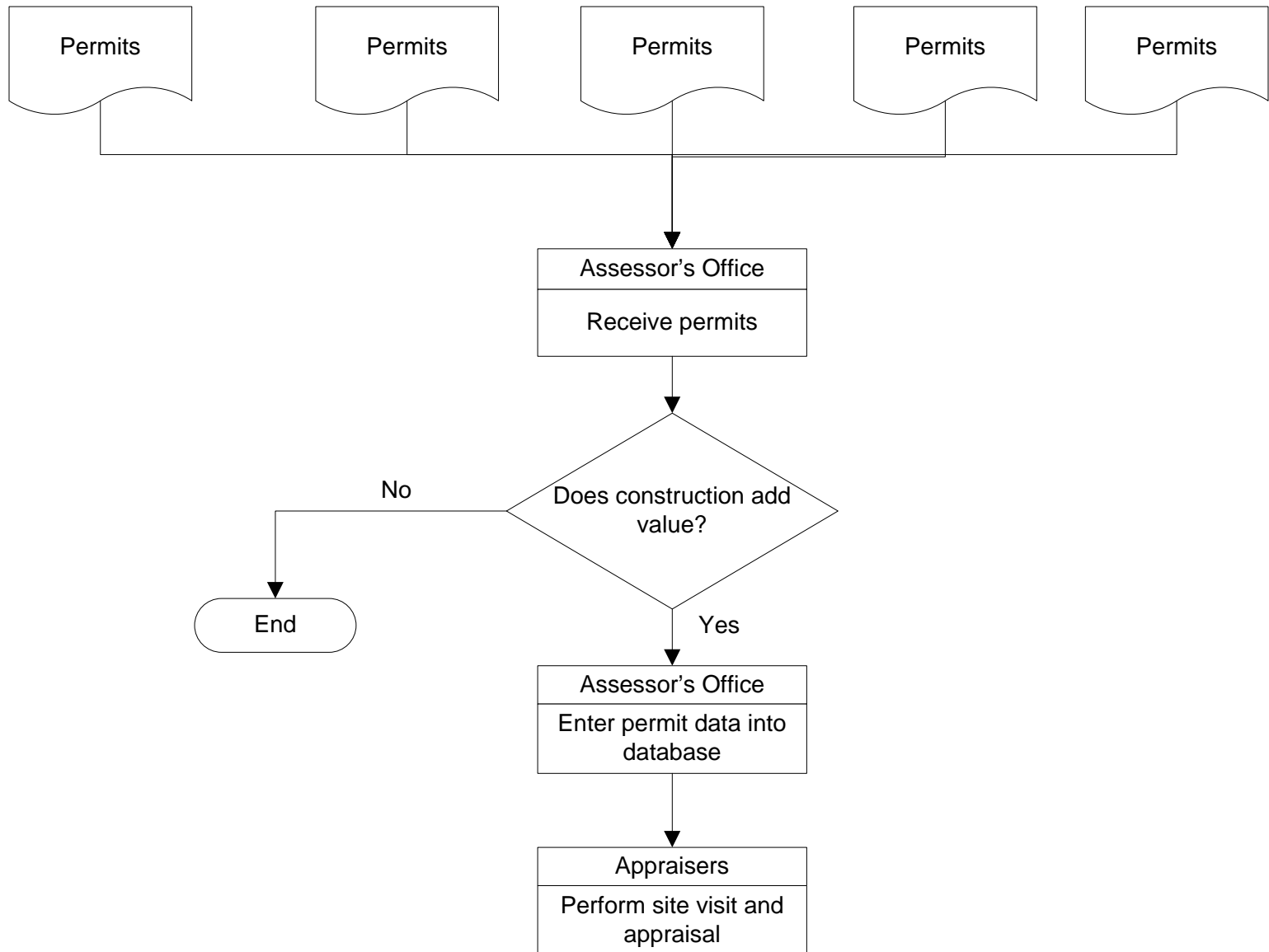
Audit Background

- Council requested
- Assessor's Office responsible for determining value of real property within the county
 - Residential and commercial new construction
- New construction consists of improvements to property that add to its *assessed value*
 - I-747's limit on tax growth excludes taxes generated by new construction



General Conclusions

- Processes can be strengthened
- Performance measures should be reported in business plan
- Assessor's Office in overall compliance with laws
- OMB forecasting accurate, but could be more transparent





1. Evaluation of Assessment Processes

- Most often, assessor notified of new construction through building permits issued from one of 39 municipalities and DDES
- New construction permits are entered into the Real Property database, other permits are removed
- Appraisers access the database to determine where to perform site visits



1. Evaluation of Assessment Processes, cont.

- Input from:
 - WA counties' Assessor's Offices: Spokane, Pierce, Kitsap, Snohomish
 - Outside organizations: IAAO, WACO, WSACA, DOR
 - All 40 permitting agencies answered online survey
- Identified management practices that improve reliability, reduce labor and errors, and increase accuracy



1. Evaluation of Assessment Processes, cont.

- Management Improvement 1: Clear permit submission criteria
 - Increases likelihood that permitting agencies will send proper permits, and new construction will be captured
 - Decreases workload at Assessor's Office and permitting agencies
- Assessor's Office developed permit submission criteria, but has not enforced them
 - Working on updated and simplified criteria



1. Evaluation of Assessment Processes, cont.

- Management Improvement 2: Electronic submission of permit data
 - Improves transmission, transcription, and record retention
- Assessor's Office receives only hardcopy
 - Hardcopies are mailed or hand-delivered, and are hand-entered. In 2004, permitting agencies sent 32,260 hardcopy permits.
 - Currently testing an electronic submission approach



1. Evaluation of Assessment Processes, cont.

- Management Improvement 3: Quality control with permitting agencies
 - Improves accuracy of data and decreases likelihood that key new construction properties will be missed
- Assessor's Office performs ad hoc quality control
 - Permitting agencies submit permits; Assessor's Office transmits aggregate new construction assessments
 - Refers agencies to Assessor's Office Web page



1. Evaluation of Assessment Processes, cont.

■ Recommendations:

- The Assessor's Office should continue its transition to a predominantly electronic building permit submission system and its simplification of permit submission criteria
- The Assessor's Office should work with the permitting agencies to build quality control features into its electronic permit submission system to ensure data reliability



2. Productivity and Performance Measurement

- The Assessor's Office has a basic workload staffing model that:
 - Estimates workload
 - Uses production rates developed by region
 - Determines the FTEs needed to complete the workload
- Because of the size of the budget and the number of FTEs involved, council may wish to consider a more detailed review of staffing and the staffing model



2. Productivity and Performance Measurement, cont.

- The 2005 business plan has one goal related to new construction:
 - “Identify and place all available county new construction on the assessment roll”



2. Productivity and Performance Measurement, cont.

- The Assessor's Office has identified performance measures used to evaluate the efficiency and effectiveness of appraisers
- These measures are not currently in the Assessor's Office's business plan



2. Productivity and Performance Measurement, cont.

- Appears to have available data for tracking new construction performance
- The inclusion in the business plan of performance measures would be advantageous in showing the overall performance of the office in meeting its goal for new construction assessments



2. Productivity and Performance Measurement, cont.

- Recommendation:
 - The Assessor's Office should include in its 2007 business plan aggregate efficiency and effectiveness performance measures and targets for meeting its goals for new construction assessments



3. Compliance with Legal Requirements

- Evaluated requirements pertaining to:
 - Permit submission
 - Permit information
 - Timely appraisal
 - Adherence to timelines
- Legal requirements are general in nature
- Assessor is in compliance overall



4. Forecasting New Construction Assessments

- Estimates of new construction assessment revenue are needed for budgets in July, but assessments are not complete until September
- Varying perception of forecasting's accuracy
- OMB forecasts new construction assessments



4. Forecasting New Construction Assessments, cont.

- OMB forecasting model: takes into account economic variables to predict new construction assessment values
 - Accurate projection of assessed value over past four years; council staff helped make revenue figure more accurate in past two years
 - More accurate than methods used in other counties
 - Model is complicated and written in a program not accessible to council or Assessor's Office



4. Forecasting New Construction Assessments, cont.

- Recommendation:
 - King County OMB should work collaboratively with the Assessor's Office to prepare new construction revenue estimates for budgeting purposes



Response

- The Assessor's Office concurred with Recommendations 1-3
- The Executive concurred with Recommendation 4



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The Auditor's Office appreciates the assistance received from the Assessor's Office and OMB management and staff